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The President's Daily Brief

August 9, 1974

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exemption category 5B(1)(2)(3)
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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

August 9, 1974

PRINCIPAL DEVELOPMENTS

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[REDACTED]

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Press reports say Greek tank and artillery units are rolling into position near the Turkish border. Meanwhile, on Cyprus, steps were being taken to strengthen the Clerides government and to remove the National Guard from politics. (Page 3)

[REDACTED] Israeli-Syrian

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(Page 4)

[REDACTED] Israel

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[REDACTED]

(Page 6)

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The Soviet minesweeping operation in the Strait of Gubal may be extended well beyond the projected completion date of August 15. (Page 7)

Saudi Arabia's senior advisory body on oil matters, the Supreme Petroleum Council, has recommended against holding the large Saudi oil auction proposed by Oil Minister Yamani. (Page 8)

Cairo has decided to emphasize its warnings to Tripoli by withdrawing some military personnel on loan to the Libyan armed forces. (Page 9)

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The Soviets

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In Portugal, moderate elements within the military are growing impatient with leftist tactics that have thwarted government efforts to deal with critical problems. (Page 11)

In response to Bangkok's latest overture, the North Vietnamese reportedly have told the Thai that they are willing to explore mutual interests in the field of trade and commerce. (Page 12)

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SOUTH VIETNAM

While the communists have made some recent gains in Quang Nam and Quang Ngai provinces and seem to be preparing to intensify fighting in several other sectors of the country, the situation is less ominous than a day ago.

Indications that the North Vietnamese 308th Division near Hanoi was preparing to move south appear to have been incorrect. In late July, the 308th Division did reactivate communications with its infantry regiments following several months of reduced activity, but this was only a return to a normal level of activity. This apparently means that the division has returned to normal status and it is not necessarily an indicator that it is getting ready to move south. Moreover, none of the other five infantry divisions in North Vietnam's strategic reserve show any signs of moving south.

Some increase in action may occur in South Vietnam's two northern provinces, but the evidence is less conclusive than earlier. A recent intercept indicates the North Vietnamese 325th Division may be preparing to attack around Quang Tri City. Another division, however, the 324B, has reduced its communications. This suggests that it may be slackening its tactical activity. There are signs that the third division in this area, the 304th, may be moving south. Low-level reports indicate the 304th may move from Quang Tri to Quang Nam Province. The 304th Division recently changed its communications pattern in a way that suggests it may move.

In southern Military Region 1, the communists are continuing to shell government outposts in Quang Nam and Quang Ngai provinces, but the government has moved in reinforcements and seems to have regained the initiative in some areas. Government forces are attempting to recapture lost territory and push the North Vietnamese back.

The communists have moved large quantities of war materiel, including long-range artillery, into the area, and they may fight hard to hold the land that they have taken. The shift of a fresh division from Quang Tri Province would enable the North Vietnamese to challenge government forces, but it probably would not be enough for the communists to expand their holdings significantly.

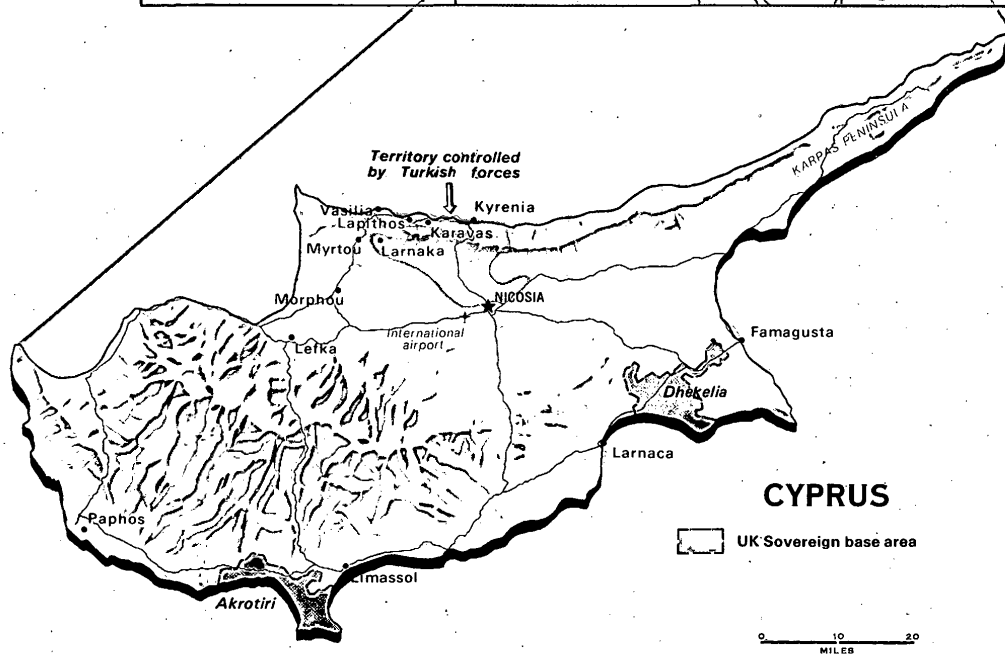
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The North Vietnamese have increased their attacks in Pleiku, and the recent shift eastward of the tactical headquarters for the area suggests that more fighting is likely. Communist forces north and west of Saigon also seem to be preparing for more aggressive action.

These moves are consistent with a recent reliable report on COSVN's assessment of the situation and near-term plans. According to this report, communist main force attacks and counterpacification activities have dealt setbacks to the government and should be exploited locally throughout the summer and early fall. Government forces should be able to cope with a higher level of fighting and prevent the communists from making major inroads into the territory they now control.

Communist units in the South are clearly capable of carrying out large attacks throughout much of the country, but they probably do not have the large manpower pool at hand needed to sustain protracted campaigns in many areas. Few troops have infiltrated in recent months. While Hanoi has a substantial number of troops training in the North and is capable of moving them south faster than ever before, it has usually positioned its troops on the southern battlefronts before launching its campaigns.

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TURKEY-GREECE-CYPRUS



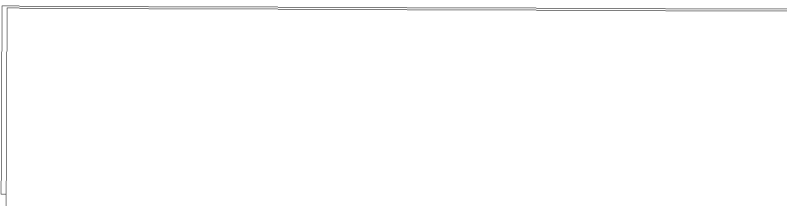
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The Greek defense minister told US Assistant Secretary of State Hartman on Wednesday that Turkey had informed his government that in the future, an extensive area of the Aegean west and south of Turkey could only be overflown after notifying Turkish air traffic control. The Greek government replied that it would not accept this unilateral Turkish action over what has heretofore been Greek-controlled airspace. This indicates that the conflict might spill over into the ongoing Greco-Turkish dispute over control of the Aegean.

On Cyprus yesterday, the Turks continued their efforts to consolidate positions in the western Kyrenia Mountains, and the Cypriot National Guard occupied two villages near Paphos. The sporadic fighting in Nicosia intensified along the line dividing the Greek and Turkish communities.

Acting President Glafkos Clerides yesterday formed a new eight-member cabinet composed of non-political business and professional leaders. Clerides himself holds the key ministries of foreign affairs, interior, and defense. The shift strengthens his hand against political foes on the left and right.

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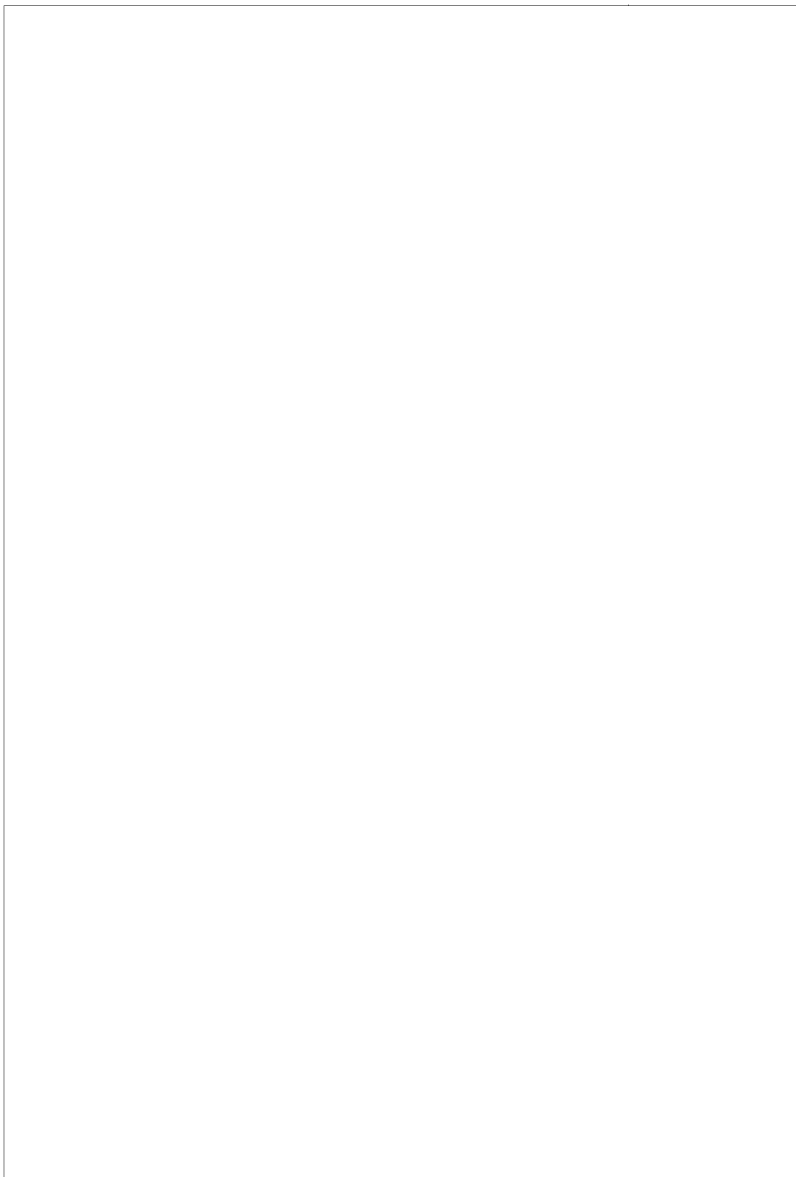
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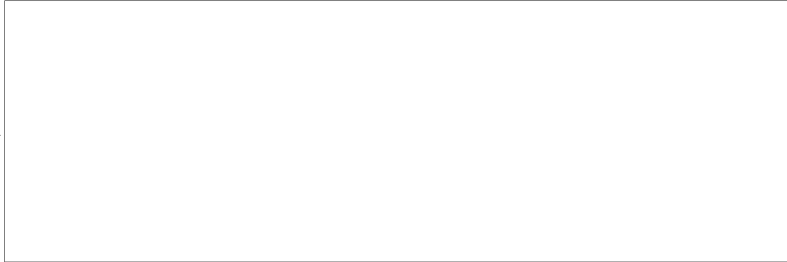
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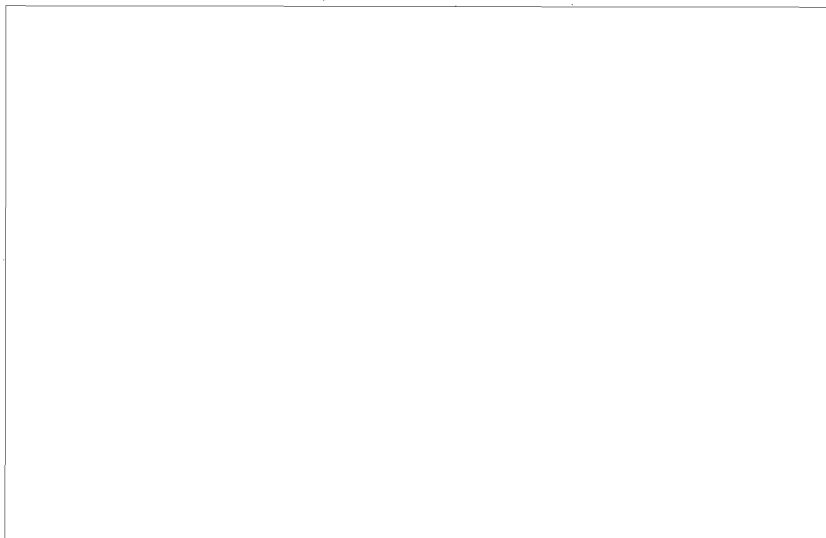


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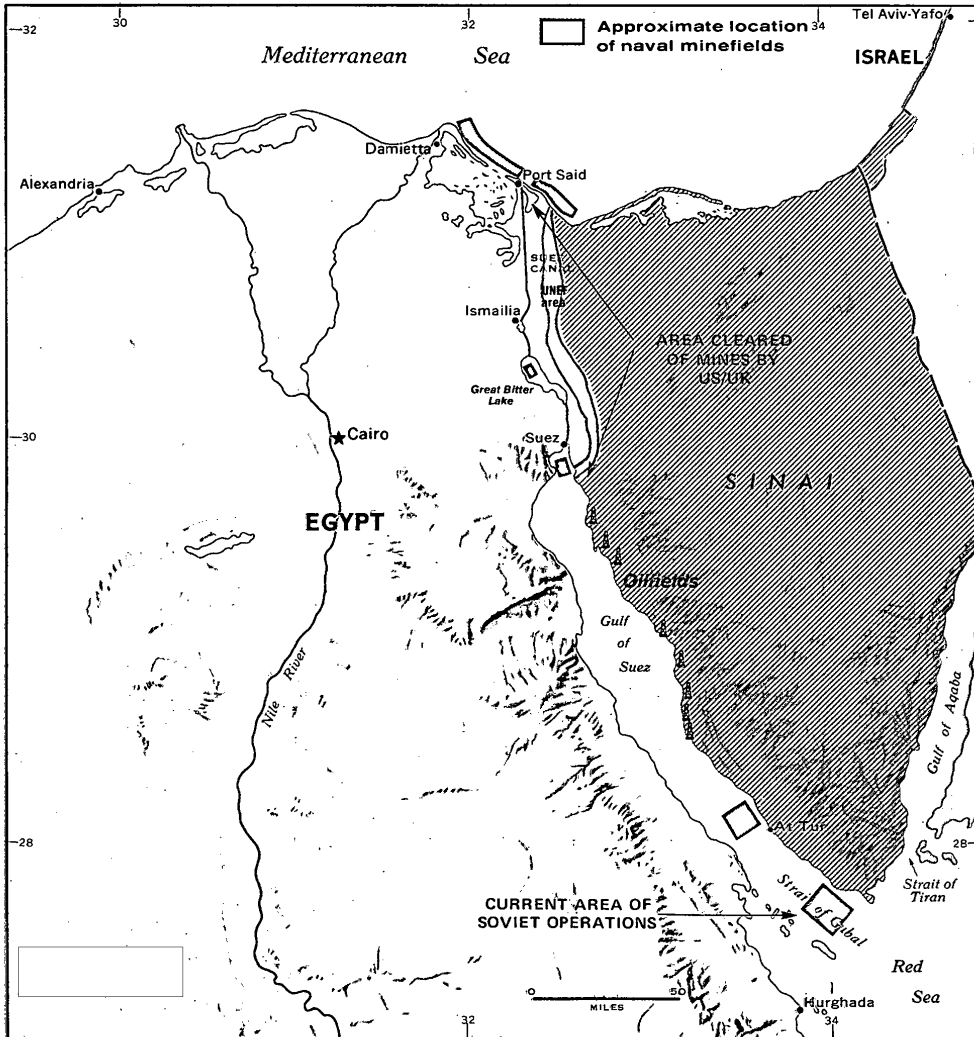
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Soviet Mine Sweeping Operations in the Strait of Gubal



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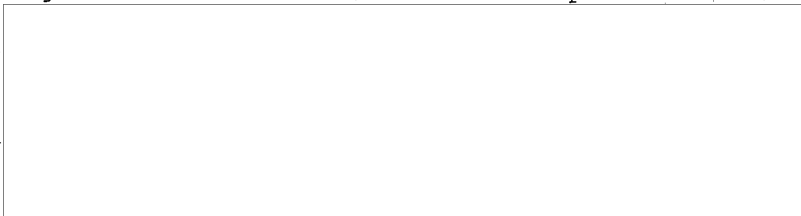
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USSR-ISRAEL

The Soviet minesweeping operation in the Strait of Gubal may be extended well beyond the projected completion date of August 15. Bad weather has caused delays in the clearing operations in the main channel, and work in this area may not be completed until September 1.

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The Soviets reportedly hope to obtain Israeli permission to clear the inner channel located in the Israeli-controlled eastern side of the strait, leading to the oil fields in Israeli-occupied Sinai.



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SAUDI ARABIA

The Supreme Petroleum Council, Saudi Arabia's senior advisory body on oil matters, has recommended against holding the large Saudi oil auction proposed by Oil Minister Yamani. The King may react to the lack of consensus among his senior advisers by equivocating. Whether the auction is held or not, Yamani doubts that there will be much increase in Saudi production in the foreseeable future, in view of generally high world oil stocks.

Yamani has told the US embassy that the council wants the Saudis to hold out for the same high price Kuwait imposed in its recent agreement with Gulf Oil and British Petroleum, the two major producing companies in Kuwait.

Yamani is still pressing for the auction, but Prince Fahd, who chairs the council, has thrown his weight behind its recommendation, and the King usually listens to him. Although the King shares Yamani's view that oil prices should be lowered, Faysal is also aware of strenuous opposition to the Yamani proposals among other members of the Organization of Petroleum Exporting Countries, especially Iran, Kuwait, Abu Dhabi, and Algeria.

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EGYPT-LIBYA

Cairo has decided to emphasize its warnings to Tripoli by withdrawing some military personnel on loan to the Libyan armed forces. A significant recall of Egyptian advisers and support personnel would cause dislocations in Tripoli's defense capabilities.

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There are some suggestions that Tripoli is facilitating orderly withdrawal. This tends to confirm press reports that President Sadat has agreed to return the Libyan Mirage aircraft.

The Libyan leadership announced yesterday that it had refused to accept President Sadat's recently publicized scathing letter, but the Tripoli media, while denouncing the Sadat letter, have softened their tone. The Egyptian press has continued its shrill attacks on Libya, but is now putting greater emphasis on Sadat's call in the letter for a new dialogue.

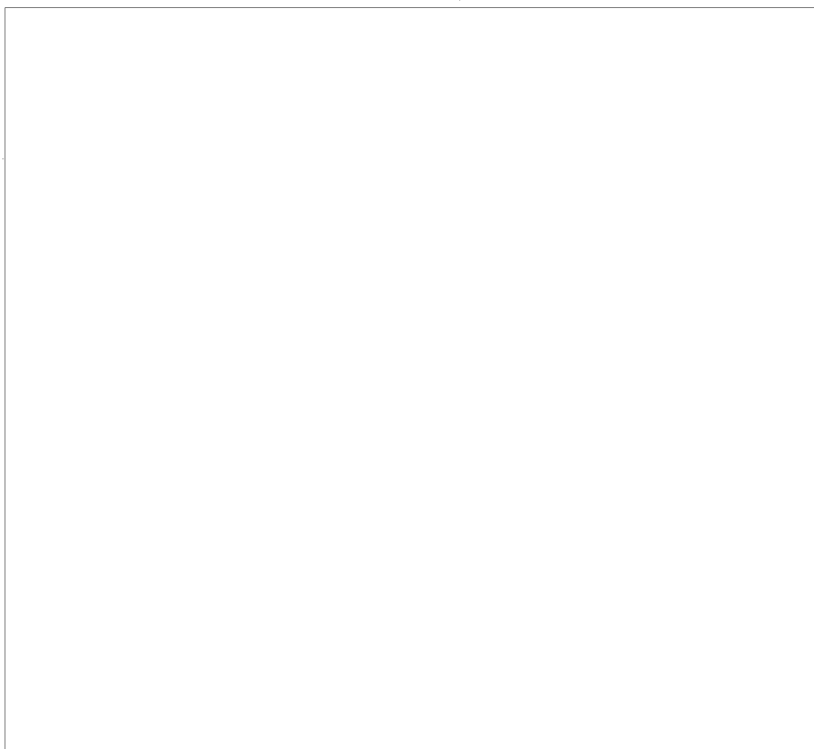
Nevertheless, a collision may be unavoidable. Sadat is fed up with Qadhafi's meddling in Egypt's affairs. Qadhafi, for his part, is not likely to knuckle under to anything resembling an Egyptian ultimatum.



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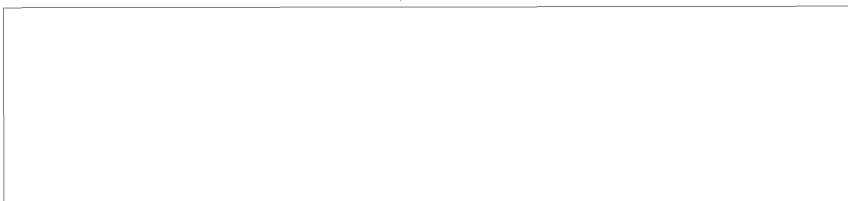
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PORTUGAL

Moderate elements within the military are growing impatient with leftist tactics that have thwarted government efforts to deal with critical problems. On August 5, the junta issued a stern warning to extremist groups who are trying to discredit the armed forces.



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The military believe that economic problems, particularly as they are affected by labor, are among the key issues that need urgent attention. The Council of Ministers announced approval on August 4 of a package of measures to stimulate the economy. No mention was made, however, of the long-promised strike-lockout law. Inability to pass labor legislation could create additional restiveness in the armed forces.

News reporting in Portugal is heavily manipulated in favor of the left, and a new press law is being negotiated to try to restore balanced reporting. The growing intolerance of the authorities toward the left resulted in the temporary ban imposed last week on three Lisbon dailies.

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THAILAND-VIETNAM

Bangkok's efforts to establish a dialogue with Hanoi appear to have had some result. In response to Bangkok's latest overture, the North Vietnamese reportedly have told the Thai that they are willing to explore mutual interests in the field of trade and commerce. Hanoi has indicated that such discussions can best be handled in Hong Kong by the North Vietnamese trade mission and the Thai consul general.

Deputy Foreign Minister Chatchai, the prime mover in the Thai government for closer ties with North Vietnam, has directed an intermediary to go to Hanoi to determine the kind of trade and financial arrangements the North Vietnamese have in mind. The Thai do not expect rapid progress in improving relations with the North Vietnamese. Chatchai views Hanoi's limited response, however, as a vindication of his persistent pursuit of rapprochement.

There is no evidence that Hanoi is reconsidering its stringent opposition to the Sanya government; North Vietnamese propaganda continues to be harsh and unfavorable. Hanoi is probably willing, however, to explore the possibility that broader trade relations with Bangkok could provide some help in meeting North Vietnam's serious economic problems.

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